



State of Utah

Department of Natural Resources

ROBERT L. MORGAN
Executive Director

Division of Oil, Gas & Mining

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

November 2, 2004

CERTIFIED RETURN RECEIPT
7099 3400 0016 8896 0495

Ronald Bosshardt
Redmond Minerals, Inc.
6005 North 100 West
P.O. Box 219
Redmond, Utah 84652

Subject: Cancellation of Reclamation Surety, Redmond Minerals Inc., South RCS Salt Mine, M/039/002, Sanpete County, Utah

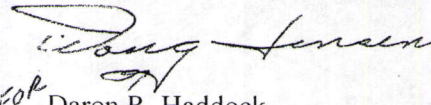
Dear Mr. Bosshardt:

On November 1, 2004, we received notification from Zions Bank (copy attached) that they will not renew the Letter of Credit, which is posted as reclamation surety for your South RCS Salt Mine, located in Sanpete County, Utah. The Zions Bank LOC will be cancelled effective March 1, 2005.

The Utah Mined Land Reclamation Act requires an adequate surety be maintained for all large mining operations until the mine site is successfully reclaimed, allowing bond release. You are hereby advised that we must receive a replacement form of surety within 60 days or prior to January 3, 2005, or we will be forced to start surety forfeiture proceedings.

Please contact me at (801) 538-5325 or Joelle Burns at 538-5291 to discuss this situation further and to inform us of your intentions. Thank you for your consideration and prompt attention to this important permitting requirement.

Sincerely,


for Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:jb

Attachment: Zions Bank Letter

cc: Steve Alder, AAG's Office
Mark Mesch, DOGM

O:\M039-Sanpete\m0390002-southrcs-salt\final\bond-cancel-11022004.doc

ZIONS BANK

International Operations
550 South Hope Street, 3rd Floor
Los Angeles, California 90071
S.W.I.F.T: ZFNBUS55

711039/002

L/C No.

Date: October 29, 2004

BENEFICIARY:

UTAH DIVISION OF OIL, GAS AND MINING ("DIVISION")

1594 WEST NORTH TEMPLE, SUITE 1210

P.O. BOX 145801

SALT LAKE CITY, UTAH 84114-4801

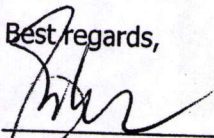
RE: Our Standby Letter of Credit No. 8957
Issue date: March 3, 1999
Current Amount: USD235,100.00
Applicant: REDMOND MINERALS, INC.
Expiry date: March 1, 2005

Dear Sir/Madam:

This is to inform you that we have elected not to renew the above-referenced Standby Letter of Credit for any additional periods. This credit will expire finally on March 1, 2005.

If you have any questions concerning this transaction, please call us at (800) 551-0110 Ext.2131, 2130 or (213) 593-2131, (213) 593-2130.

Best regards,


Emma Montoro
Assistant Vice President

CC: Richard Thomsen (UT 0041 0242)

RECEIVED
NOV 01 2004
DIV. OF OIL, GAS & MINING